

Additional Information or Comments: to request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22548; 811-3667]

PaineWebber/Kidder, Peabody Tax Exempt Money Fund, Inc.

March 6, 1997.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: PaineWebber/Kidder, Peabody Tax Exempt Money Fund, Inc.

RELEVANT ACT SECTION: Order requested under section 8(f) of the Act.

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on October 23, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 31, 1997, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549.

Applicant, 1285 Avenue of the Americas, New York, NY 10019.

FOR FURTHER INFORMATION CONTACT:

Kathleen L. Knisely, Staff Attorney, at (202) 942-0517 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end, diversified management investment company organized as a Maryland corporation. On February 14, 1983, applicant filed a Notification of Registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-1A under the Act and the Securities Act of 1933. The registration statement became effective on June 30, 1983, and the initial public offering commenced thereafter.

2. On July 20, 1995, applicant's board of directors approved an Agreement and Plan of Reorganization and Dissolution (the "Plan") whereby applicant would exchange its assets for shares of common stock in PaineWebber RMA Tax-Free Fund, Inc. ("PW Fund"), a registered investment company. Pursuant to rule 17a-8 under the Act,¹ applicant's board of directors determined that the proposed reorganization was in the best interest of applicant and that the interests of the existing shareholders would not be diluted as a result of the proposed reorganization.

3. In approving the Plan, the directors were advised of certain benefits which were likely to result from the reorganization. The directors were advised that the investment advisory and administration fee schedule applicable to PW Fund would be equal or lower than that currently in effect for applicant. Further, the directors were advised that, because PW Fund has greater net assets than applicant, combining the two funds would reduce the expenses borne by the shareholders of applicant as a percentage of net assets. The boards also were advised that following the reorganization, the expense ratio for the PW Fund was

¹ Rule 17a-8 provides an exemption from section 17(a) of the Act for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.

likely to decrease because the investment advisory and administration fee paid by that fund decreases as the size of the fund increases.

4. On September 13, 1995, applicant filed a registration statement on Form N-14 with the SEC, which included a prospectus for the shares of the PW Fund to be issued in the reorganization and related proxy materials. The registration statement was declared effective on October 6, 1995. Applicant's shareholders approved the Plan on November 10, 1995.

5. As of November 20, 1995 (the "Closing Date"), there were 395,167,695.07 shares outstanding of applicant's stock, having an aggregate net asset value of \$395,038,835.11 and a per share net asset value of \$1.00. Pursuant to the Plan, on the Closing Date, applicant transferred all of its assets in exchange for shares of common stock of PW Fund and the assumption of applicant's liabilities. The number of shares of PW Fund issued to applicant were determined by dividing the net asset value of a share of applicant by the net asset value of a share of PW Fund, in each case as of the close of regular trading on the New York Stock Exchange, Inc. on the Closing Date. Following this exchange, applicant distributed the shares of PW Fund to its shareholders on a *pro rata* basis.

6. Expenses incurred in connection with the reorganization include legal expenses, printing and mailing expenses, administrative expenses, and registration fees. These expenses totalled approximately \$275,000 and were borne by applicant and PW Fund in proportion to their respective net assets.

7. Applicant has no securityholders, liabilities or assets. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

8. Applicant intends to promptly file Articles of Dissolution with the Maryland State Department of Assessments and Taxation.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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